FISCAL NOTE

Bill #:	SB0293	**Title:**	Designation of and funding for quality growth areas
Primary Sponsor:	Wheat, M	**Status:**	As Introduced

Sponsor signature Date   Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:	$0	$0
Revenue:	$0	$0
Net Impact on General Fund Balance:	$0	$0

☒ Significant Local Gov. Impact
☐ Included in the Executive Budget
☐ Dedicated Revenue Form Attached
☒ Technical Concerns
☒ Significant Long-Term Impacts
☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce

1. SB 293 revises statutes to authorize and require quality growth plans that include designated quality growth areas that receive priority for certain state grants and loans; defines "fast-growing county," "populous county," and "urban facilities;" requires fast growing counties, populous counties, and cities and towns within fast growing counties and populous counties to adopt growth policies to include a quality growth plan in the growth policy; and reprioritizes the Treasure State Endowment Program (TSEP) project evaluation and ranking criteria.
2. Since SB 293 only applies to a growth policy that is adopted or revised after October 1, 2003, and assuming that HB 11 will allocate all available TSEP funding for eligible infrastructure projects in the 2005 biennium, there would be no fiscal impact in the 2005 biennium. Projects seeking TSEP funding in the 2007 biennium would be evaluated and ranked according to SB 293 criteria upon passage and approval of SB 293.

Department of Natural Resources and Conservation

3. SB 293 does not change the statutory policies or objectives of the Renewable Resource Grant and Loan Program (RRGL).
4. The bill will primarily affect projects funded with grants that have similar renewable resource benefits. Essentially, inclusion in a "quality growth plan" will be a tiebreaker.

5. SB 293 will not affect the ranking of 'non-' water, wastewater, or sewer system grants in the RRGL program.
6. No public hearing will be required and the rule change will be one page. The cost of notice for rule change will be about $80 and will be absorbed in the current budget.

FISCAL IMPACT:
None

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
Municipal governments that are included in "Quality Growth Plans" will have an advantage in the ranking of grants funding municipal water, wastewater and sewer facilities.

LONG-RANGE IMPACTS:
Smaller towns and communities with eligible infrastructure projects would become less competitive than larger cities and towns, which can more easily adopt the quality growth measures included in SB 293.

TECHNICAL NOTES:
Department of Commerce
1) Projects seeking funding through the TSEP program are currently evaluated and ranked using the seven statutory priorities listed in 90-6-710(3), MCA, as follows:

   a) Projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;
   b) Projects that reflect greater need for financial assistance than other projects;
   c) Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
   d) Projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
   e) Projects that enable local governments to obtain funds from sources other than the funds provided under this part;
   f) Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and
   g) Projects that are high local priorities and have strong community support.

The addition of the two new priorities, as proposed in SB 293, in the evaluation of TSEP projects impacts the relative weighting of the priorities with the exception of the first priority (a). By placing the new priority "projects…jointly designated by any combination of more than one city, town, or county…" before financial need in particular, puts a considerable amount of weight on that one priority. Only projects that meet the new criteria would get points, while others would get none, which puts those entities not jointly designated at a considerable disadvantage. Both of the new priorities in SB 293 could instead be incorporated into existing priority (d), which would allow projects in a "quality growth plan" to receive a higher score than those without such a plan.